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PP RUEHMA RUEHPA
DE RUEHDK #0269/03 0331118
ZNR UUUUU ZZH
P 021118Z FEB 07
FM AMEMBASSY DAKAR
TO RHMFIUU/CDR USEUCOM VAIHINGEN GE PRIORITY
RUEHC/SECSTATE WASHDC PRIORITY 7477
INFO RUEHZK/ECOWAS COLLECTIVE
RUEPVAA/CDR JSOC FT BRAGG NC//J2/HSE//
RHMFIUU/CDR USCENCOM MACDILL AFB FL//CCJ2-JCH/HSE//
RUEPGBA/CDR USEUCOM INTEL VAIHINGEN GE//ECJ2/ECJ3/ECJ5//
RHMFIUU/CDR USSOCOM MACDILL AFB FL//SOJ2/SHS//
RHMFIUU/CDR USTRANSCOM INTEL CELL SCOTT AFB IL//J2-J/HSE//
RUKAINT/CDRUSAREUR DCSINT HEIDELBERG GE//AEAGB-IAD//
RUEAIIA/CIA WASHINGTON DC//DDI/OEA//
RHMFIUU/COMSOCCENT MACDILL AFB FL//SOCJ2/HSE//
RHMFIUU/COMSOCEUR VAIHINGEN GE
RHMFIUU/COMUSNAVEUR NAPLES IT//N2//
RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK//DOA/DOB/DOI//
RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK//DOOX/DOOC/HSD//
RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK//ECMO/DOTB-A//
RUEKJCS/JOINT STAFF WASHINGTON DC//J2/J5-EUR//
RUZDQAN/MARCORINTACT QUANTICO VA
RUZFNAI/NASIC WRIGHT PATTERSON AFB OH//DXOA/TAAO//
RHMFISS/NGA ST LOUIS MO//PTNXD/PTNXA-1//
RHEFNGB/NGIC INTEL OPS CHARLOTTESVILLE VA//IANG/CE/CECM//
RUETIAA/NSACSS FT GEORGE MEADE MD//M112/S21321HT//
RUCXONI/ONI WASHINGTONDC//32/211//
RUEKJCS/SECDEF WASHINGTON DC//INR//
RUEPGAA/US SURVEY DIV SHAPE BE
RUEHLI/USDAO LIBON PO
RUEHMD/USDAO MADRID SP

UNCLAS SECTION 03 OF 04 DAKAR 000269

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TATE FOR AF/W, AF/RSA AND INR/AA
ABIDJAN, ABUJA AD LONDON ALSO FOR USDAO
PARIS FOR POL ? D?ELIA AD USDAO

E.O. 12958: N/A
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SUBJECT: SENEGAL: SENESETTER FOR GENERAL WARD

¶6. (SBU) There is general economic stability, and GDP growth had averaged five percent annually for the last ten years, but is estimated to have fallen to three percent in 2006. More than half the population lives in poverty; one-third to one-half have no reliable employment; the agricultural sector, which employs 60 percent of the population, is weak and unreliable; and most youth see emigration as a panacea, as shown by the recent flight of thousands of Senegalese to the Canary Islands. On a more positive note, Senegal graduated from the Highly Indebted Poor Countries program. In 2005 and 2006, the IMF and the World Bank forgave over USD 1 billion in multilateral debt, potentially freeing up over USD 80 million per year for poverty reduction. Despite these successes, the business environment remains difficult. Corruption is an issue, and while Wade has said the right things about combating it, members of his own inner circle are often rumored to demand bribes and percentages of investments.

¶7. (SBU) Senegal's manufacturing and services sectors are hampered by major infrastructure weaknesses that prevent Senegal from taking advantage of its favorable geographic location. Senegal's underdeveloped road and dilapidated railway systems do not provide adequate links to Senegal's landlocked neighbors, who could profit from exporting through Dakar's international port. Roads are overly congested in major urban areas as well as poorly maintained almost everywhere in the country. Electricity

supplies are unreliable, very expensive and far from universally available. The Port of Dakar, the closest African port to the U.S. and Western Europe, is in great need of modernization to meet the potential demand of the sub-region alone. The country has done little to take advantage of potential trade preferences under the African Growth and Opportunity Act (AGOA), although new, direct trade links to the U.S. should help augment Senegalese exports to the U.S.

18. (SBU) Senegal has traditionally been a French and Lebanese expatriate business preserve. In recent years, China, India, Morocco, and Iran have become significant economic players in Senegal. Some high-profile U.S. companies operate in Senegal, including Citibank, General Electric, Pfizer, Colgate-Palmolive, Microsoft, Ernst and Young, Suffolk University, UPS, and Phillip Morris. While the Government rhetoric speaks favorably of the benefits of the private sector, in practice the Government involves itself in many major transactions and potential investments that undermine the principles of free, open and transparent competition.

19. (SBU) For 2007, the Government of Senegal will have to deal with a significant budget deficit, while at the same time continuing to finance significant public investments in roads and a new international airport. Since 2004, Senegal has been eligible as a potential Millennium Challenge Account (MCA) partner and is continuing to do the required feasibility studies for a proposed MCA Compact to build a major new industrial